70 percent of the benefits of this tax proposal would go to tax filers with incomes exceeding $75,000, while only 15 percent of the benefits would go to tax filers with incomes below $50,000. Moreover, these figures understate the extent to which higher-income taxpayers would benefit, because the costly bracket increases that benefit only the top quarter of taxpayers would not be fully in effect until fiscal year 2008. The final year covered by the JCT estimate is 2005.

Some observers note that married taxpayers tend to have higher incomes than other taxpayers, in part because there often is more than one earner in the family. They point out that looking at the distribution of benefits among all taxpayers makes the distribution appear more skewed than it is seen to be if just the effect on married taxpayers is considered. This is not the case, however, with respect to the Roth proposal.

An analysis by Citizens for Tax Justice shows that even within the universe of married couples, the Roth plan disproportionately benefits those married couples who are at the upper end of the income spectrum. The Citizens for Tax Justice analysis finds that among married couples, those with incomes in excess of $75,000 would garner 68 percent of the benefits of the Roth proposal when the plan is phased in fully. Some 41 percent of the benefits would go to married couples with incomes in excess of $100,000. Only 15 percent of the benefits would go to those with incomes below $50,000. (See Table 1.)

TABLE 1.—EFFECTS OF THE FINANCE COMMITTEE MARRIAGE PENALTY RELIEF BILL

Income group ($–000)	Number of joint returns (000)	Percent of joint returns	Married couples	
			Average tax cut	Percent of total tax cut
<$10K	1,357	2.5	−$14	0.1
$10–20K	4,566	8.4	−128	2.2
$20–30	6,304	11.5	−220	5.2
$30–40K	6,227	11.4	−172	4.0
$40–50K	6,286	11.5	−148	3.5
$50–75	13,274	24.3	−344	17.0
$75–100K	7,184	13.1	−1,006	27.1
$100–200K	6,893	12.6	−1,118	28.9
$200K+	2,349	4.3	−1,342	11.8
$Total	54,632	100.0	−488	100.0
<$50K	24,740	45.3	−162	15.0
$75K	16,426	30.1	−1,101	67.9

Figures show the effects of the bill when phased in fully. The income levels in the table are 1999 income levels. Under the legislation, the changes in the standard deduction and earned-income tax credit for couples would take effect in 2001. The changes in the starting points for the 28% and 31% tax brackets for couples would be phased in starting in 2002 and finishing in 2007. The totals exclude about $0.8 billion in tax cuts for married persons filing separate returns. Changes in the Alternative Minimum Tax, which would maintain the current treatment of tax credits under the AMT, are not included.

Source: Institute on Taxation and Economic Policy Tax Model, March 30, 2000.

ROTH PLAN DOES NOT FOCUS ITS BENEFITS ON FAMILIES FACING MARRIAGE PENALTIES

Three of the proposals in the Roth plan, the standard deduction increase, the tax bracket extensions, and the EITC provision—would provide general tax relief for married couples, rather than marriage penalty relief focused on families that actually face penalties. The fourth provision, allowing tax credits to offset the AMT, is not specifically targeted on married couples.

Under the current tax structure, no one-earner couples face marriage penalties; they generally receive marriage bonuses. The families that face marriage penalties are two-earner families. The Roth plan, however, would reduce tax burdens for one-earner and two-earner married couples alike. As a result, the plan is far more expensive than it needs to be to reduce marriage penalties.

Indeed, nearly two-fifths of the cost of the legislation results from tax reductions that would increase marriage bonuses rather than reducing marriage penalties. Another two-fifths of the cost would reduce marriage penalties. The remaining fifth would not affect marriage penalties and bonuses.

If the ''marriage penalties relief'' provisions are considered alone, approximately half of the cost of these provisions would go to increase marriage bonuses. When the Treasury Department examined a proposal to expand the standard deduction for married filers and to set the tax brackets for married couples at twice the level for single taxpayers—a plan similar to the Roth proposal—it found that only about half of the resulting tax cuts would go to reduce marriage penalties, with the rest going to increasing marriages bonuses.

LONG-TERM COST OF ROTH PLAN

The Roth plan has a $248 billion price tag over ten years, in comparison to the $182 billion cost of the similar marriage penalty relief plan the House passed earlier this year. The major difference relates to the Alternative Minimum Tax. The House bill does not include any provision to allow non-refundable credits to offset the AMT, even though failure to do so would allow the Alternative Minimum Tax in future years to tax back from millions of middle-class taxpayers the tax benefits that the legislation otherwise provides. If one assumes the full cost of the House plan ultimately would include changing the AMT to prevent that from occurring, the full cost of the plan would be considerably higher than $182 billion.

The Roth plan, which includes substantial AMT changes, provides a more accurate view of the total cost. Nevertheless, the Roth plan itself appears to hold hidden costs relating to the AMT. Even under the Roth plan, the alternative minimum tax would prevent some higher-income married taxpayers from enjoying the benefits of the wider tax brackets. If the Roth plan were enacted and the AMT were subsequently modified to address this issue, as would be likely, the changes in the Roth plan would have a larger cost.

Leaving aside the additional AMT issues that might have to be addressed in future years, the Roth plan would rise in cost from $23.3 billion in 2005 to $39.9 billion annually by 2010 (assuming the sunsets do not hold). When the plan was fully in effect, its long-term cost thus would greatly exceed the $248 billion price tag for the first ten years.

DEMOCRATS OFFER MORE TARGETED PLAN

Democrats are expected to offer on the Senate floor a modestly less expensive version of marriage penalty relief that is more targeted on married couples that experience marriage penalties under current law.

The Democratic plan would give married couples two different options for filing their taxes. The couples could file jointly, as the vast majority of couples do under current law. Alternatively, couples would have a new option under which a husband and wife could each file as single individuals, although they would file together on the same tax return. Each couple would have the opportunity to make two different tax calculations and pay taxes using the method that resulted in the lowest tax bill. In addition, the proposal would in some circumstances allow each spouse in a family with more than one child to claim a separate Earned Income Credit (for different children), based on that spouse's income; this would effectively double the level of income such a family could have and receive the EITC.

This new option for single filing would begin to be phased out for couples with incomes exceeding $100,000. Couples with incomes exceeding $150,000 would not be eligible to use the option.

The optional separate filing provision would reduce or eliminate marriage penalties for most couples below the $150,000 income limit. It would maintain marriage bonuses for couples that receive such bonuses under current law. In contrast to the Roth plan, however, it would not increase marriage bonuses for couples that already receive them.

The Democratic alternative would cost approximately $21 billion a year when fully in effect in 2004. Buy comparison, the Republican plan would cost approximately $40 billion a year when fully in effect in the years 2008–2010, of which slightly more than $30 billion a year is attributable to the marriage penalty provisions. (The remainder reflects the costs of the AMT provisions.) When costs for similar years are compared, the fully phased-in cost of the Democratic plan would be about four-fifths of the fully phased-in cost of the Republican bill, excluding its AMT provisions.

Mr. FEINGOLD. I ask unanimous consent that my amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3846

(Purpose: To provide a nonrefundable credit against tax for costs of COBRA continuation insurance and allow extended COBRA coverage for qualified retirees, and for other purposes)

Mr. FEINGOLD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. BUNNING). The clerk will report.

The legislative clerk read as follows:

The Senator from Wisconsin [Mr. FEINGOLD] proposes an amendment numbered 3846.

Mr. FEINGOLD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. FEINGOLD. Mr. President, I rise to offer an amendment to expand access to affordable health insurance through COBRA. It includes a 25 percent tax credit for COBRA premiums, plus an expansion of COBRA to cover retirees whose employer-sponsored coverage is terminated. It pays for this expansion by eliminating a tax break for mining companies.

Since 1985, people who lose their jobs have been able to buy into their former employer's health insurance plan. This COBRA coverage has provided some continuity to workers between jobs, but for many Americans, COBRA is an empty promise.

That is because under COBRA, people have to pay their own way. But many people who lose their jobs lose any hope of being able to afford health insurance on their own.

Mr. President, employer coverage gets a tax break, but individual purchases do not. This amendment would rectify the situation in part by providing a 25 percent tax credit to individual COBRA premiums, giving a little support to people who would otherwise go without health coverage.